

President Obama Signs SEC Transparency Legislation into Law

Eliminates SEC FOIA exemption in the Wall Street Reform Bill

WASHINGTON – Chairman Edolphus “Ed” Towns (D-NY) today applauded the enactment this week (Monday, October 4, 2010) of [S. 3717](#), legislation that eliminates a broad Freedom of Information Act (FOIA) exemption for the SEC that took effect once the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#) was signed into law. S. 3717 is companion legislation to [H.R. 6086, introduced by Chairman Towns on August 10, 2010](#)

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“The financial crisis taught us that transparency and disclosure of risk need to be at the forefront in the financial services industry,” said Chairman Towns. “This bill builds upon the essential improvements made in the Dodd-Frank Act by providing increased accountability and transparency to our nation’s financial institutions. I applaud President Obama for signing this important legislation into law.”

S. 3717 strikes a FOIA exemption that was included in section 929I of the Dodd-Frank Act that would have allowed the SEC to avoid disclosing records or other information obtained from its registered entities if the information is used for “surveillance, risk assessments, or other regulatory and oversight activities.”

The bill also clarifies that the SEC can protect sensitive records obtained under its examination authority by using an existing FOIA exemption covering records of financial institutions. The bill provides that any entity that the SEC is responsible for regulating, supervising, or examining is a “financial institution” for purposes of FOIA Exemption 8.

During a House Financial Services Committee hearing on September 16, 2010 entitled, “Legislative Proposals to Address Concerns over the SEC’s New Confidentiality Provision,” Chairman Towns [testified](#) in support of H.R. 6086. In addition, a coalition of more than 30 public interest organizations [wrote](#) Chairman Towns in August 2010 in support of H.R. 6086.

S. 3717 was introduced in the Senate on August 5, 2010 by Senators Leahy, Cornyn, Kaufman, and Grassley.

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